

## State Corporation Commission 2012 Fiscal Impact Statement

1. **Bill Number:** HB960

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Bell, Robert B.

3. **Committee:** Commerce and Labor

4. **Title:** Certificates of insurance; property and casualty insurance.

5. **Summary:** Prohibits any person from issuing or delivering a certificate of insurance (COI) that would confer any rights upon a third party beyond what the policy provides and prohibits a COI from representing that the insurer has an obligation to give notice of cancellation or nonrenewal to a third party unless such notice is required by the policy. Also requires the use of a statement that states the COI is issued as a matter of information only, that it confers no rights upon the third party requesting the COI beyond what is in the policy and that the COI does not extend, amend, or alter the coverage, terms, exclusions, or conditions afforded by the policy. It is a violation to knowingly demand or require the issuance of a COI that contains any false or misleading information. It also makes it a violation to knowingly prepare or issue a COI that contains any false or misleading information, or that purports to affirmatively or negatively alter, amend, or extend the coverage provided by the policy. The provisions apply to all certificate holders, policyholders, insurers, insurance producers, and COI forms issued as evidence of insurance coverages on property, operations, or risks located in the Commonwealth. The Commission's authority is expanded to investigate unfair trade practices in Chapter 5 of Title 38.2.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates:** Fiscal impact estimates are not available; see Line 8.

8. **Fiscal implications:** Enforcement responsibilities with regard to certificates of insurance will probably increase the workload of the State Corporation Commission Bureau of Insurance. The Bureau will attempt to regulate certificates of insurance with existing staff, but it may result in some increased resource needs for the Bureau.

9. **Specific agency or political subdivisions affected:** State Corporation Commission Bureau of Insurance

10. **Technical amendment necessary:** No

11. **Other comments:** House Bill 960 calls upon the State Corporation Commission to take enforcement action against entities or individuals generally outside of the scope of the regulatory oversight of its Bureau of Insurance. Certificateholders or policyholders subject

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to oversight and possible enforcement action may include, for example, contractors (including out-of-state contractors), municipalities, and other state agencies of the Commonwealth.

House Bill 960 is similar to House Bill 867 and Senate Bill 47.

Date: 01/23/12/V. Tompkins  
cc: Secretary of Commerce and Trade  
Secretary of Health and Human Resources